

5886...

CIA HISTORICAL REVIEW PROGRAM  
RELEASE AS SANITIZED  
1998

15 August 1973

MEMORANDUM FOR: Margaret B. Dray  
Financial Economist  
Planning and Research Division,  
Export-Import Bank  
Washington, D.C.

SUBJECT : USSR Publication of Economic Data

The attached paper, USSR: Publication of Economic Data, with appended tables, was prepared in response to your request of 27 July 1973.

If you have any questions regarding its contents, please contact .

Office of Economic Research

Attachment:  
As stated

## USSR: Publication of Economic Data

### 1. Balance of Payments Data

The USSR does not publish balance of payments data other than that relating to the trade account. Trade data are contained in the annual foreign trade statistical handbook, Vneshnyaya Torgovlya SSSR (Foreign Trade of the USSR). This handbook contains statistics on Soviet exports and imports on a country-by-commodity basis and commodity-by-country on a less detailed basis. The handbook is generally available in July or August covering the previous year's trade.

The handbook's usefulness has been somewhat limited, and has been becoming even more so because of omissions of merchandise trade data. The destination of 15-20% of Soviet exports to non-Communist countries is not shown. The commodity composition of 15% of Soviet exports to the world is not given; to Eastern Europe -- 13-15%; to the Developed West -- 15-25%, and to the less developed countries (LDCs) -- 10-12%. Soviet exports of diamonds and platinum group metals (mainly to non-Communist countries) are not shown in Soviet trade statistics. Since the mid-1960s, exports of nickel have not been included; since 1968 the handbook has lumped oil and oil products together in the country-by-commodity tables. In the 1972 handbook the USSR failed to include any statistics on grain trade!

More than three-fourths of Soviet trade is conducted on a clearing account basis (with other Communist countries and with most LDCs). Trade with most of the Developed Western countries and some of the LDCs is in hard currencies. (See Tables showing Soviet trade in 1970, 1971, and 1972 in Attachment A). Export surpluses in clearing accounts cannot be used to offset deficits in hard currency trade.\* It is more meaningful to construct separate balances of payments for Soviet hard currency trade, clearing currency trade with non-Communist countries, trade with COMECON countries, and trade with other Communist countries.

---

\*Excluding a negligible volume of switch transactions.

In CIA's view, only the USSR's payments position in hard currency is relevant in assessing the financial strength of the USSR and hence its creditworthiness. Because the USSR does not publish nonmerchandise trade data, it is necessary to estimate these elements in the current and capital account. CIA estimates are derived from a wide variety of sources. These include specialized publications on East-West trade; OECD and UN statistics on trade and other items such as tourism; statistical information published by the IMF, the Bank for International Settlements (BIS), the departments of Treasury and Commerce, and other sources. CIA has made estimates on tourism, interest payments, transportation, and certain other current account transactions, but only in hard currencies. The same holds true for elements of the capital account. Estimates of the USSR's hard currency balance of payments for 1970, 1971 and 1972 are in Attachment B.

Sources of information on nonmerchandise elements of the Soviet balance of payments vis-a-vis the Communist countries, including the COMECON area, are virtually nonexistent. We have some notion of credits and loans extended by the USSR or to the USSR by these countries, but we cannot estimate the magnitudes of drawings and repayments with any reasonable degree of accuracy. With respect to the LDCs, you may find useful a recent State Department publication, "Communist States and Developing Countries: Aid and Trade in 1972," dated June 15, 1973, and released by the Bureau of Intelligence and Research.

## 2. External Debt and Debt Service Payments

The USSR does not provide information on the size of its external debt or its debt service payments. CIA estimates of Soviet debt and debt service in terms of hard currencies for 1970, 1971 and 1972 are as follows (millions of US dollars):

	<u>1970</u>	<u>1971</u>	<u>1972</u>
Debt, end of year	1,717	2,057	2,649
Debt service			
Principal	321	237	468
Interest	79	103	124
Debt service ratio (%)	17	17	20

These estimates relate only to Western government-backed medium- and long-term credits. They exclude all short-term credits and nonguaranteed medium-term credits. The latter probably were negligible until 1973. We are not aware of any rescheduling of the USSR's external debt, but such rescheduling cannot be ruled out.

Estimates are based in the main on Soviet trade data (imports of machinery and equipment from the West), announcements in the Communist and non-Communist press and periodicals of Western credit extensions and capital goods contracts involving credit, scattered data derived from publications of the BIS, Treasury, Commerce, and other sources. There are also classified sources against which our estimates are tested.

### 3. Gold and Foreign Exchange Reserves

The USSR does not publish nor in any way provides information on its gold and foreign exchange reserves. Nor does it provide any information on gold production or gold sales. Gold 1971 contains perhaps one of the most reliable, unclassified Western studies on Soviet gold production and sales. The book was published by Walker and Company (New York) and the author of the Soviet section is Michael Kaser; its Library of Congress number is HG 293 .L7. The study reportedly is being or has been updated to include 1972 data. Information on gold sales is derived from IMF and BIS reports.

The official Soviet position with respect to foreign exchange is that only enough is held to assure "maneuverability" in foreign trade, i.e., a working balance. In view of the current size of hard currency trade, it is assumed that about \$500 million would be an absolute minimum. This would include funds held by the USSR Foreign Trade Bank as well as Soviet-owned banks in the West.

### 4. Soviet GNP

The Soviets measure their national income according to Marxist concepts, which differ significantly from Western practice. The closest Soviet measure to GNP is its concept of national income, which excludes "unproductive" activity (i.e., depreciation and the value of various "unproductive" services). National income (Marxist concept) using Soviet derived dollar values is about 72% of the CIA estimate of GNP.

CIA estimated values of Soviet GNP for 1970-72, in billions of 1971 US dollars, are presented below, along with Soviet estimates of national income:

	<u>1970</u>	<u>1971</u>	<u>1972</u>
Soviet GNP (CIA)	551	570	580
Soviet National Income (USSR)	399	410	na

National income and other internal accounts are published annually in the USSR in Narodnoye Khozyaystvo SSSR (National Economy of the USSR). This statistical handbook is available to the public, but there is usually about a one-year lag, i.e., 1972 data are usually not available until December 1973. A pocket-size handbook, SSSR v Tsifrakh (The USSR in Numbers) is usually available in about April, but it generally does not provide any more detailed information than is available in the annual plan fulfillment report usually published in January in several Soviet newspapers (Pravda, Izvestiya and others). The USSR also publishes quarterly plan fulfillment reports in these same newspapers but usually only in the form of percentage increases over the corresponding quarter of the previous year.

USSR Foreign Trade  
1970

	Million \$US <sup>a/</sup>		
	<u>Exports</u>	<u>Imports</u>	<u>Balance</u>
Total	12,800	11,732	+1,068
Communist countries	8,367	7,636	+731
COMECON	6,956	6,692	+264
Other	1,411	944	+467
Non-Communist countries	4,433	4,096	+337
Hard currency	2,197	2,711	-514
Clearing	1,439	1,368	+71
Unspecified <sup>b/</sup>	797	17	+780

a. Rounded to nearest \$ million. Converted from rubles at the rate of 1 ruble = \$1.11.

b. Chiefly military-related exports to the LDCs.

USSR Foreign Trade  
1971

	Million \$US <sup>a/</sup>		
	<u>Exports</u>	<u>Imports</u>	<u>Balance</u>
Total	13,806	12,480	+1,326
Communist countries	9,018	8,178	+840
COMECON	7,423	7,338	+85
Other	1,595	840	+755
Non-Communist countries	4,788	4,302	+486
Hard currency	2,652	2,955	-303
Clearing	1,438	1,317	+121
Unspecified	698 <sup>b/</sup>	30	+668

a. Rounded to nearest \$ million. Converted from rubles at the rate of 1 ruble = \$1.11.

b. Chiefly military-related exports to the LDCs.

USSR Foreign Trade  
1972

	Million \$US <sup>a</sup> /		
	<u>Exports</u>	<u>Imports</u>	<u>Balance</u>
Total	15,409	16,097	-688
Communist countries	10,026	10,307	-281
COMECON	9,139	9,643	-504
Other	887	664	+223
Non-Communist countries	5,383	5,789	-406
Hard currency	2,814	4,171	-1,357
Clearing	1,495	1,601	-106
Unspecified	1,074 <sup>b</sup> /	17	+1,057

- a. Rounded to nearest \$ million. Converted from rubles at the rate of 1 ruble = \$1.21.
- b. Chiefly military-related exports to the LDCs.



## Attachment B

## Estimated Soviet Hard Currency Balance of Payments

Million US \$

	1970		1971		1972a/	
	Credit	Debit	Credit	Debit	Credit	Debit
Goods and services		<u>496</u>		<u>274</u>		<u>1,391</u>
Merchandise, f.o.b. <sup>b/</sup>	2,197	2,711	2,652	2,955	2,814	4,171
Transportation, net	35		50			
Travel	81	10	96	21	<sup>c/</sup> 115	<sup>c/</sup> 25
Interest payments <sup>d/</sup>		79		96		124
Transfer payments <sup>e/</sup>		<u>40</u>		<u>43</u>		<u>45</u>
Capital and monetary gold	<u>370</u>		<u>302</u>		<u>880</u>	
Medium and long-term credits	700	319	700	387	1,030	438
Compensation payments <sup>f/</sup>		11		11		12
Monetary gold	<sup>g/</sup>		<sup>g/</sup>		(250-300)	
Net errors and omissions <sup>h/</sup>	166		15		556	

a. Preliminary.

b. Derived from official Soviet statistics.

c. Not available.

d. Interest payments are those made on medium and long-term credits from Western countries mainly to finance imports of machinery and equipment.

e. Payments made in hard currency to the United Nations and UN-affiliated organizations.

f. Soviet payments of principle and interest in accordance with the US lend-lease "pipeline" agreement. Payments are based on an annual average of total given as paid at the time of the US-Soviet settlement of lend-lease differences in 1972.

g. Negligible.

h. Including changes in hard currency holdings and short-term capital movements.